



CITY OF
**FALLS
CHURCH**

2011
INTEROFFICE MEMORANDUM

DATE: OCTOBER 19, 2009

TO: HONORABLE MAYOR GARDNER AND CITY COUNCIL MEMBERS

FROM: WYATT SHIELDS, CITY MANAGER *WUS*

SUBJECT: PLAN AND OPTIONS FOR CLOSING THE FY2010 BUDGET PROJECTED
SHORTFALL

Background: The fiscal year 2009 Year End Financial Report reflects significant revenue shortfalls, which make it necessary to revise our revenue forecasts for the current fiscal year. In total, our revised revenue projections point to a potential \$5.6 million dollar shortfall for the current budget year, fiscal year 2010.

This memo provides three areas of information to inform City decisions in response to this projected shortfall. These are: 1) a process for decision making; 2) a review of available options and 3) my recommendations on possible specific operating and capital budget holds to the FY10 Budget, with discussion.

Under a separate memo, the Chief Financial Officer will provide detailed revenue data for prior years and year to date that inform the revised revenue projections.

Process: The City charter requires that the City balance its budget each year (Section 6.05.) It provides further that:

“if at any time during the fiscal year, the city manager shall ascertain that the revenue cash receipts of the general fund or any utility fund for the year, plus any cash surplus available from the preceding year, will be less than the total appropriations to be met from such receipts, he shall have the power to restrict expenditures, subject to the laws of the Commonwealth relating to obligatory expenditure for any purpose, so as to forestall the incurring of a deficit, provided however, that there shall be no reduction of salaries except by ordinance.” (Section 6.15).

The process outlined here is in keeping with the City Charter provisions above, in a transparent manner for full public discussion and input into various options available.

October 19 Council Work Session: present to the City Council, School Board, and Planning Commission a 1) strategy for meeting the forecast shortfall, with alternatives; and 2) a specific list of general government spending reductions to both the operating and capital budgets. The list at this meeting will include a hiring freeze, reductions in non-personnel expenditures, possible reduction to the school transfer amount, and a hold on capital projects. Receive input from each of these bodies on the overall approach and on the specific proposed reductions. It is not expected that decisions or consensus will necessarily emerge from this meeting, but rather a framework, with options, will be presented for informational purposes to set the stage for the decisions and consensus building to come.

October 26 Council Regular Meeting: public hearing on the overall options and approach as well as specific reductions proposed by the City Manager.

November 2 Council Work Session: work session discussion and arrival at consensus on both the overall approach and specific reductions.

November 9 Council Regular Meeting: public hearing, and City Council action. In the past, this has taken the form of a resolution endorsing the reductions in expenditure proposed by the City Manager.

In addition to the City Council meetings notes above, the School Board will be meeting during their regularly scheduled meeting on October 27 to review options. The Planning Commission will have the opportunity to review impacts on the City's Capital Improvements Program at their regularly scheduled meeting on November 2.

The Council may elect to have additional informational sessions on the proposed reductions, in addition to the meetings listed above.

Options

What follows is a brief outline of options to raise revenues and reduce expenditures that are available. The options presented below have not had significant analysis, pending further Council direction on the desirability of pursuing them further.

Revenue Options

- Personal property: Changing the property rate will have no effect as the payment date of October 5 has already passed. This is also true of the decal fee.
- Real estate tax increase effective with the December 5 installment: The billing process has already begun for the December installment. It is not clear at this time if a mid-year change is permitted under State code so it is under City Attorney review. However, if it is there would be two public hearings required with the earliest date for enactment being November 9. This would result in bills being delivered less than three weeks before the payment deadline. The rate

necessary to raise \$5.6 million in two installments will need to be \$1.23, or an increase of \$0.16.

- Solve the entire amount by setting a sufficient real estate tax rate effective with the June 5, 2010 installment: presuming a 7.5% decline in assessed values effective with January 1, the rate necessary to raise \$5.6 million in one installment will need to be \$1.44, or an increase of \$0.37.
- Storm water fee: Not known at this time as the basis of the fee requires additional study.
- Solid waste fee: Not known at this time as the basis of the fee requires additional study.
- Meals Tax: Currently at 4%. An increase to 5% effective January 1 would generate approximately \$250,000; an increase to 6% would generate \$500,000. Arlington is currently at 4%, Fairfax County does not have a meals tax. The ability to raise this rate is under review by the City Attorney.
- Business Licenses (BPOL): BPOL is due March 1. Four categories of licenses are currently rated below state maximums. If the rates were to be raised to the legal caps, the results are estimated to be as follows:

	Current	State	
	rate	code	additional
		cap	revenue
Retail Sales	0.19	0.20	32,000
Professional Services	0.52	0.58	75,000
Rental Owner - Commercial	0.53	0.58	21,500
Rental Owner - Residence	0.38	0.58	68,500
			<u>197,000</u>

- Cigarette Tax: Currently at \$0.75 per pack, the second-highest in the State. Each \$0.01 increase in the rate, if effective January 1, would be expected to raise approximately \$3,000. Cigarette sales have been trending downwards on an average of 5.5% per year over the past five years; therefore any increase in the rate has only a temporary positive revenue effect.
- Sale of properties:
 - Pendleton House – Potential proceeds of \$800,000 to \$1 million.
 - Miller House – Potential proceeds unknown, Miller House is planned for parkland as part of the Washington Street redevelopment plan.

Expenditures Options:

- Entire \$5.6 million projected shortfall could be taken from the operating budget. If taken proportionally, this would require a reduction of \$2.5 million from the School transfer and \$3.1 million from the general fund. Alternatively, a different split point between operating budget reductions and capital program reductions than that proposed by the City Manager, below, could be developed.

- Other personnel cost reductions not quantified, which would require Council approval by ordinance.
 - Furloughs: approximately \$37,000 per day
 - Pay reduction/deferred compensation reduction
 - Benefits reduction/higher contribution level
 - Lay-offs

City Manager's Recommendations

At the City Council Work Session on October 5, I presented a framework for reducing expenditures sufficient to close the projected shortfall. That framework is to break the shortfall into two components: the property tax shortfall (\$4.1 million) and the "all other revenue" shortfall (\$1.5 million). This approach would close the property tax shortfall by freezing the Capital Improvements Program for all but targeted projects relating to health, safety, or in some instances, local match to leverage federal grants. The shortfall from "all other revenues" would be closed by reducing operating costs.

\$4.1 million Property Tax shortfall: CIP "Holds"
\$1.5 million "all other revenue" shortfall: Operating Budget Reductions
\$5.6 million total shortfall

The approach outlined here requires no immediate tax increases. It does assume additional revenue from property taxes from a real estate tax rate increase as part of the FY11 Budget development. This is because the tax rate adopted for the FY11 budget will apply to the second (spring) real estate billing for FY10, per the City's normal tax billing schedule. I am also recommending a review of City owned properties with the purpose of offering some properties for sale, to help fund Capital Improvements in the future. Depending on the amount of revenue generated from both the spring tax billing and the possible sale of property, the City Council would then take formal action on revised Capital Improvements Program in May, 2010, releasing some projects from their "hold" status, and permanently eliminating others, based on the amount of "pay as you go" (PAUG) local tax funding that is available.

What follows is a more detailed discussion of the proposed reductions in the FY10 General Government Operating Budget, first, followed by a discussion of the proposed "holds" on the Capital Improvements Program.

Reductions in FY10 Operating Budget:

The spending reduction plan for the operating budget is tied to the projected shortfall from all revenue sources other than property taxes. This shortfall is forecast to be \$1.5 million and comes from declining sales tax revenue, meals tax revenue, business licenses, building permits, and state funding. More detail on the data behind these revised revenue projections is provided by the Chief Financial Officer in a separate memo.

The following breakdown of cost reductions is under discussion. Please note, these are not firm numbers, particularly those relating to schools.

\$300,000 School Transfer*
\$100,000 Post Retirement Health Benefits (OPEB)**
\$500,000 General Government Hiring Freeze
\$600,000 Reductions to Non-Personnel Related Expenditures
\$1,500,000 Total Reductions

* This is a tentative number as of the date of this memo, subject to further School Board deliberation.

** The City's contributions to the OPEB Trust Fund have resulted in overfunding our actuarially based costs for the current year and FY11 projected.

Hiring Freeze: The \$500,000 reduction in expenditures comes from specific positions that are known to be vacant in the city, plus expected vacancies that come through natural attrition (retirement, moving to another location, etc.) There has been a partial freeze in vacancies since June, 2009. Exceptions have included positions where there was a public safety risk, or analysis that core, front line customer service positions could not be filled in an alternative manner. As a result, there are currently nine unfilled vacancies in the City, and we project that number to increase over the fiscal year. Current vacant positions (full-time unless noted) are:

Contract Manager (DES)
2 Maintenance Workers (DES)
Senior Crew Leader (DES)
HR Assistant (.625)
Maintenance Worker (Library)
Librarian (.7)
Urban Forestry Manager
Senior AA for Economic Development (currently filled with a temporary part-time employee)

By not recruiting outside hires to fill these positions and additional future positions, we estimate savings of \$500,000 and also provide flexibility in addressing the challenges related to next year's (FY11) budget. However, these vacancies come with a significant loss of service levels, and result in the need to conduct an ad hoc form of restructuring of service delivery rather than a managed, deliberate approach.

Non-Personnel Related Cost Reductions:

I have directed all city department heads to review their budgets for reductions to non-personnel related expenses. They were specifically requested to review their prior year actual expenditures

and bring forward reductions in those line-items where actuals were below budget amounts for FY10 and could be sustained. In addition, they were requested to look at those areas where contracted services could be reduced, either through a comparison with prior year actuals or through a calculated reduction in service level. The result was a proposed \$919,000 of reductions. After meeting with staff and reviewing each line item, I accepted all the proposed reductions, with two major exceptions. In the Department of Environmental Services (DES), the option of conducting no street paving was reviewed and discussed. This was amended to reduce paving by \$72,500 out of a total budget of approximately \$425,000. DES also considered an option of reducing building facility maintenance by \$90,000 which would bring the budgeted amount in line with actual expenditures for FY09. Given the need for maintenance for our aging facilities and systems, after discussion, \$45,000 of this proposed reduction was restored.

What follows is a summary of the proposed FY10 spending reductions, by Department:

	Budget	Non- Personnel	Cuts	Reduction as % of non-pers.
Executive	3,731,172	1,592,578	150,948	9.5%
Administrative	1,181,519	169,750	15,500	9.1%
Public Safety	6,158,027	1,525,973	55,000	3.6%
Environmental Services	5,748,752	3,340,591	172,199	5.2%
Development Services	1,720,292	502,618	67,000	13.3%
Community Services	7,015,842	2,624,520	127,263	4.8%
Constitutional & State	2,099,431	465,578	12,300	2.6%
Total	27,655,036	10,221,607	600,210	5.9%

What follows is a detail of the reductions proposed by Department, with a narrative accompanying each list, with a discussion of alternatives and analysis.

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Executive, City Clerk, City Attorney, and City Council

	Budget	Non-Personnel	Cuts	Reduction as % of non-pers.
City Manager	491,998	26,946	5,400	20.0%
Communications	358,250	80,950	1,700	2.1%
Human Resources	462,324	173,568	73,100	42.1%
Risk Management	176,040	78,950	900	1.1%
IT	1,217,552	1,103,652	64,298	5.8%
Economic Development	412,180	58,500	4,500	7.7%
City Attorney	324,674	21,010	1,050	5.0%
Council	101,850	31,877	-	0.0%
City Clerk	186,304	17,125	-	0.0%
Executive	3,731,172	1,592,578	150,948	9.5%

Impact:

<u>Description</u>	<u>Reduction Amount</u>	<u>Original Budget</u>	<u>Narrative</u>
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City Manager (1201)

Professional Services	\$5,000	\$10,000
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Reduces the ability for outside consulting services such as financial analysis (from \$10,000).

\$400 from operation and maintenance such as overtime, books and subscriptions and office supplies.

Office of Communications (1202)

\$500 from conference and education

\$500 from training

\$400 from special activities

\$300 from office supplies

Human Resources and Risk Management (1203 and 1219)

Training	\$25,000	\$50,000
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Reduce training – 50% reduction will result in in-house training and utilizing web based training.

Employee Transit Subsidy	\$12,000	\$20,000
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Freeze the Transit Subsidy Program effective October 31 – more employees may drive to work causing more congestion to the City's parking lots at City Hall; current number of participants is 27.

Health Services	\$15,000	\$38,000
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Reduce health services – no more annual police physicals this fiscal year unless for specific fitness for duty issues. This may result in not catching some health issues in a timely manner; can not be an on-going reduction as this increases physicals scheduled beyond an annual cycle.

Professional Services \$ 5,000 \$10,000

Reduce professional services – Benefits Task Force review will be managed in-house versus utilizing a consultant.

Advertising \$15,000 \$25,000

Reduce advertising budget – no impact due to the hiring freeze; utilizing on-line options.

Postal Services \$ 200

Travel conferences/education \$ 1,250

Dues and Memberships \$ 350

Books and Subscriptions \$ 200

Information Technology (1220)

IT Support Contract Help Desk Tier I Position Elimination (\$64,298 reduction)

Project & Daily Workload Scheduling:

Need to reprioritize & schedule projects and work requests

All project times will slip further

Call / Issue Response Times:

Need to reassess SLA levels and call priority categorization

Will have to rely on email and self created tickets – priority calls only

Need to convey to users a modified contact method and policy

Must change ticket creation time requirement

After-Hours On-Call Support:

Need to reassess what can be classified as requiring after-hours support

Need to implement a buffer voicemail system

Reporting:

Would impact timeliness of reporting

Possibly limit scope of IPR reporting

Need to seriously limit or eliminate ad-hoc reporting

Library Support:

Significantly limit helpdesk support to Library staff

Will not be able to support any public access system

Contract Issues:

Contract & task order modification requirements

Economic Development Office (8400)

Reduce by a total of \$4,500 budgeted dollars from the following:

Printing and binding:	\$1,000
Advertising:	\$1,000
Postal services:	\$ 250
Travel conferences/education:	\$1,000
Special activities	\$1,000
Books and subscriptions	\$ 250

City Attorney (1204)

Maintenance Service Contracts: reduced by \$150

Do not anticipate using this line item this fiscal year so no impact on the function of the City Attorney's office.

Printing and Binding: reduced by \$390

Do not anticipate using all of this line item this fiscal year so no impact on the function of the City Attorney's office.

Lease/Rental Equipment: reduced by \$100

Do not anticipate using all of this line item this fiscal year so no impact on the function of the City Attorney's office.

Travel/Mileage: reduced by \$200

Do not anticipate using all of this line item this fiscal year so no impact on the function of the City Attorney's office.

Travel Conferences/Education: reduced by \$210

Do not anticipate using all of this line item this fiscal year so no impact on the function of the City Attorney's office.

Department of Public Safety

	Budget	Non- Personnel	Cuts	Reduction as % of non- pers.
Police Chief	422,286	130,852	4,700	3.6%
Red Light Camera	488,869	441,600	34,100	7.7%
Police Operations	2,408,441	270,745	-	0.0%
Police Services	1,374,991	241,434	1,200	0.5%
Dispatch	450,065	31,180	-	0.0%
Volunteer Fire Dept	302,924	302,924	-	0.0%
Building Inspections	426,979	50,503	15,000	29.7%
Animal Control	91,081	3,310	-	0.0%
Emergency Operations	192,393	53,425	-	0.0%
Public Safety	6,158,027	1,525,973	55,000	3.6%

Impact:

<u>Description</u>	<u>Reduction Amount</u>	<u>Original Budget</u>	<u>Narrative</u>
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Chief's Office

Training (3101) \$4700 \$20,000

Requirements have been or will be covered through this fiscal year. Bare minimum for firearms training and certifications, going from five certified firearms instructors to two. There is enough money budgeted for miscellaneous training to include Building Inspections, Dispatch, Animal Control and Emergency Management training.

Red Light (3102)

Professional Services \$34,100 \$41,600

This line item is for the Red Light Camera VDOT approval process but the funds will not be required.

Services Division (3108)

Community Relations Supplies \$1,200 \$1,200

This is funding for promotional/educational items relating to community police services. If funding is needed for DARE and other educational outreach resources it will be adjusted from another line item or not done.

Building Official (3401)

Prof Services \$15,000 \$35,000

Reduction in the outsourced inspections services to reflect reduced development plans and permit activity; will retain more functions in house.

Department of Environmental Services

	Budget	Non- Personnel	Cuts	Reduction as % of non- pers.
PW Administration	783,827	189,214	4,000	2.1%
Street & Highway	1,376,481	669,365	72,500	10.8%
Storm Water	600,248	375,000	12,500	3.3%
Snow Removal	143,993	106,307	-	0.0%
Traffic Signal	368,000	368,000	-	0.0%
Street Cleaning	65,000	65,000	-	0.0%
Solid Waste	596,426	256,493	-	0.0%
Recycling	330,808	246,515	10,000	4.1%
Leaf Collection	172,041	70,113	-	0.0%
General Services	665,534	665,534	73,599	11.1%
Motor Pool	646,395	329,050	-	0.0%
Environmental Services	5,748,752	3,340,591	172,199	5.2%

Impact:

<u>Description</u>	<u>Reduction</u>	<u>Original Budget</u>	<u>Narrative</u>
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PW Administration

OT	\$4,000	\$7,000	
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Reduction based on FY09 expenditures

Streets and Highways

Paving Contract	\$72,500	\$549,189	
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DES Operations Division was scheduled to mill and resurface 1.75 lane miles this fiscal year. This budget cut will reduce that figure to 1.50 lane miles, or .25 lane miles less than the prior year. If you prefer numbers .25 = 1,320 LF of roadway

Storm Water

Prof. Svcs. (4103)	\$9,500	\$203,679	
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Community Rating System. Will allow City to maintain current rating, but will eliminate professional services support that might allow City to increase its rating.

Other Op. Supp.	\$3,000	\$14,100	
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Reduce support for Habitat Restoration events

Recycling

Other Non-Prof.	\$8,500	\$226,007 (total line item)	
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Household hazardous waste - eliminate 1 of 2 annual events

Printing/Binding	\$1,000	\$4,111	
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Reduce printed materials for HHW and other events

General Services

Repair/Maint \$50,049 \$382,021

Reductions based on FY09 actual expenditures and projected priority/critical work plan

Repairs/Maint. \$13,050 \$15,000

Group Homes: Pendleton and Miller House properties are vacant; associated maintenance cost savings.

Other Non-Prof. \$11,000 \$107,788

Custodial services contract savings from rebidding

Department of Development Services

	Budget	Non- Personnel	Cuts	Reduction as % of non- pers.
Planning	746,150	127,781	27,000	21.1%
Urban Forestry	711,087	363,502	40,000	11.0%
Zoning	263,055	11,334	-	0.0%
Development Services	1,720,292	502,618	67,000	13.3%

Impact:

<u>Description</u>	<u>Reduction</u>	<u>Budget Amount</u>	<u>Narrative</u>
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Planning:

Prof Services	\$25,000	\$147,226
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- \$25,000 in zoning ordinance publishing costs; important to note that some publishing costs will likely have to be picked up in FY2011 but will not be necessary in FY2010, but may be reduced by greater emphasis on an on-line, electronic version of the code.

Printing and Binding	\$2,000	\$5,000
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- Reflects a release of the \$2,000 for engineering services (this was for the West End Park subdivision and the engineering work is complete)

Urban Forestry:

Prof Services	\$40,000.	\$265,672
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- \$9,500 Broad Street flower baskets, no watering or maintenance.

- \$11,200 reduction in contracted landscape maintenance, achieved by cutting scheduled maintenance/weeding visits to 56 sites in City in half for the second half of this year.

- \$14,300 reduction in hazard pruning/emergency tree work/tree removal. Note that if there are several storm incidents, the potential exists to require additional funding.

Agricultural Supplies	\$5,000	\$50,000
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The \$5,000 reduction in the agricultural supplies category means that we will need to limit the typical ad-hoc purchase of trees, shrubs, and plantings this spring. Typical requests from City parks, schools, and DES will need to identify funding for plant materials or possibly not proceed.

Department of Community Services

	Budget	Non- Personnel	Cuts	Reduction as % of non- pers.
Park Maintenance	359,028	172,425	11,500	6.7%
Recreation	907,848	314,781	5,000	1.6%
Programs & Special Events	1,257,168	899,864	40,000	4.4%
Athletic Programs	249,007	179,066	-	0.0%
HHS	697,375	29,821	3,250	10.9%
Library	1,952,611	397,980	11,013	2.8%
Aurora House	724,683	96,199	-	0.0%
Court Services	399,401	65,664	-	0.0%
Juvenile Programs	468,720	468,720	56,500	12.1%
Community Services	7,015,842	2,624,520	127,263	4.8%

Impact:

Description Reduction Original Budget

Park Maintenance

Maint Svce \$10,000 \$131,510

Reduced mowing of parks and other City properties; mowing and/or field maintenance (TJ and Madison) would be done less frequently. Primary focus of reduction would be in parks, as opposed to highly utilized playing fields or city hall.

Other Svcs \$1,000 \$1,000

Elimination of funds for landfill dumping fees. Since the Recreation and Parks Division no longer is responsible for removing brush from parks this funding is not required.

Travel/Conf./Ed. \$500 \$500

No training funds would be available for FY10.

Recreation

Travel/Conf./Ed. \$1,000 \$3,500

Funds for some of the off site staff training would not be available.

Special Activities \$4,000 \$8,000

Reduce funding for employee picnic and holiday luncheon; possibly eliminate one event.

Instructor Fees \$40,000 \$631,100

Reduces flexibility to expand program offerings.

Housing and Human Services

Printing \$250 \$900

Reduce production of hard copies of consolidated plan; depend on electronic distribution.

Emerg. Assist \$3,000 \$5,000

Requests for assistance have leveled off. Other agencies can be used to jugment assistance. FEMA, CDBG (through FCS) money can be used to assist, \$6,000 budgeted and is usage appears adequate to need based on eligibility requirements

Library

Postage \$1,000 \$3,000

Eliminates mailing all overdue and hold notices, but mail only bills to delinquent patrons. E-mail pre-notification notices and overdue notices to patrons. Staff will call hold notices if no e-mail address was provided.

Mileage \$600 \$1,335

Eliminates approximately half of the mileage monies.

Conferences \$750 \$1,500

Less training opportunities for staff.

Uniforms \$150 \$150

Eliminates uniform funds for custodian.

Books \$8,413 \$137,789

Reduction in the materials budget due to State aid reduction.

Safety Equip \$100 \$100

Eliminates shoe monies for custodian.

Court Services

Shelter Care \$6,500 \$8,000

Utilization of this program has been low the past several years. There is the risk that if the court orders a youth into this program funding would have to be found.

CSA \$50,000 \$272,509

Costs for Comprehensive Services Act (CSA) have trended downward with FY09 being more than \$110,000 below budget due to service model changes; this also brings budget in line with overall projected expenditures. There is a risk that placements into foster care/residential treatment programs could cause costs to rise above budgeted levels; these services are mandatory.

Constitutional and State Offices

	Budget	Non- Personnel	Cuts	Reduction as % of non- pers.
COR	641,490	26,281	-	0.0%
Treasurer	417,336	67,343	-	0.0%
Sheriff	763,914	256,981	12,300	4.8%
Courts	28,931	28,931	-	0.0%
Registrar	247,761	86,042	-	0.0%
Constitutional & State	2,099,431	465,578	12,300	2.6%

Sheriff (2107)

Vehicles Equip.	\$10,000	Used for the new vehicles equipment; have managed to get lower estimates for some equipment than originally quoted along with rebates from vendors. Recycling some items instead of purchasing new.
Supplies	\$1,500	Decreasing due to budget constraints.
Travel and Mileage	\$500	Reduce option.
Conference/Ed.	\$300	Travel and Education decreased by eliminating attending only one conference a year.

Capital Improvements Program (CIP):

The following details the CIP component of the FY10 projected budget shortfall correction plan, as well as an approach to restore to 8% general fund balance policy compliance in terms of freezing projects expenditures, what infrastructure projects can continue and the impacts of this proposal.

The proposed CIP holds, continuing of health/safety and critical projects as well as the local match for infrastructure grant funded projects represent the City Manager's recommended option as of October 19, 2009. There will be a subsequent process to finalize which projects are placed on administrative hold to include recommendations from the Planning Commission, the School Board and Council work sessions and public hearings.

General Fund Balance Policy (readopted 1/12/09)

The purpose of the freeze of the CIP funding through FY10 is to bring the undesignated fund balance back to the minimum required amount of 8% of actual general funds (required to be corrected in 2 years- FY09/10). As the FY11-15 CIP is developed, a plan will be incorporated to achieve the 12% goal within the required 3 years (FY11/12/13). Per policy the full recovery shall occur within five years following the fiscal year in which the event occurred.

Policy excerpt:

The City of Falls Church adopts the following policy for its General Fund fund balance:

1. The goal for undesignated fund balance shall be 12%, but not less than 8%, of the actual General Fund revenues for the then current Fiscal Year, and these funds shall be appropriated by the City Council.
2. In the event that the undesignated fund balance is used to provide for temporary funding of unforeseen emergency needs, the City shall restore the undesignated fund balance to 8% of the actual General Fund revenues for the then current fiscal year within two fiscal years following the fiscal year within which the event occurred. To the extent additional funds are necessary to restore the Undesignated General Fund Balance to twelve percent (12%) of the actual General Fund revenues for the then current year, such funds shall be accumulated in no more than three approximately equal contributions each fiscal year; this shall provide for full recovery of the targeted fund balance amount within five years following the fiscal year in which the event occurred.

Proposed FY10 and Prior Proposed PAUG Project Hold

The proposed projects freeze is based on the need to achieve \$2.1M to restore the FY09 ending balance to the 8% policy level and to balance the projected FY10 property tax revenue reduction portion of the corrective action plan. The following chart provides a summary of the proposed local tax funded (Pay as You Go: PAUG) freeze:

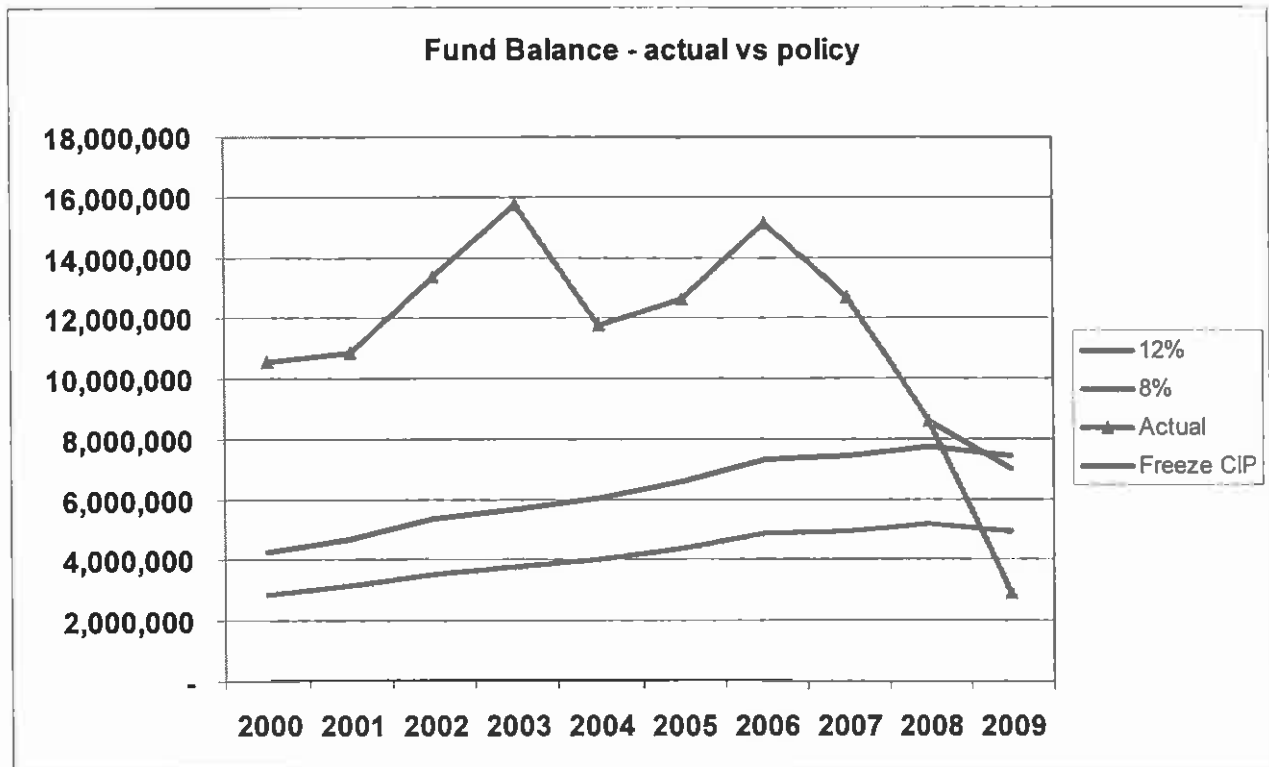
Available Funding	Total Proposed Hold	Propose Remaining Project Funds
\$5,243,762	\$4,221,145	\$1,022,617

The plan is based on the following factors:

- Address CIP in two phases (FY2010 shortfall & FY11-15 long range planning):
 - General Fund appropriated FY2010 and prior funding
 - General Fund adopted FY2011-2015 CIP
- No net new debt issuance in FY2010
 - if new issuance the debt service impact is in FY2011
- Freeze FY2010 and prior projects except for health/safety, grant leverage, contractual obligation
 - Targeted infrastructure projects maintained
 - PAUG retained to leverage grants and provide economic development/infrastructure investment
- Reassess the administrative hold in Spring 2010
 - Review budget actual against revised projections
 - Review fund balance and policies
 - Determine if projects can be restored to the CIP on a prioritized basis

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The policy effect is demonstrated in the following graph:



Continuing Capital Projects:

- General Government critical facility and system maintenance
- School critical facility and system maintenance
- Radio replacement field crew operational and emergency interoperability
- Hamlett/Rees Park Site Plan
- Roberts Park playground equipment replacement
- Broad Street Streetscape
- Storm water improvement projects (three)
- Transportation projects (four)

(intentionally left blank)

Existing Grant Funding/Local Match in CIP:

Project	Approved Grant	Required Match	Impact
City Center Improvements	\$4,053,840	\$82,487	Transportation/transit improvement along Washington and Broad; can refine project scope for road/pedestrian/parking
Intermodal Transit Center	\$1,668,000	\$417,000	Transit improvement for Washington and Broad area; can refine project scope
Broad Street Streetscape (20%)	\$185,000	\$46,250	Finalize targeted Broad Street streetscape
FY09 STAG Day Lighting Grant	\$500,000	\$225,000	Implement storm water improvements for Pearson and Coe Branches
TOTAL	\$6,406,840	\$770,737	9:1 leveraging ratio

Additional Grants (approved unless marked pending):

- Transportation:
 - Pedestrian and Traffic Calming Study
 - RSTP: \$300,000
 - no match requirement
 - Sidewalk and Traffic Calming Construction Projects
 - ARRA via NVTA: \$325,000
 - Sidewalks: \$250,000
 - Traffic Calming: \$75,000
 - no match requirement
 - Rt. 7 Transit Service Enhancement
 - Federal FY10 proposed budget
 - 20% match requirement of City pro-rata share
 - Regional Effort: \$350,000
 - SAFETEA-LU: \$2.5M pending legislation reauthorization
 - Transit Capital Equipment/Facility Funding
 - FTA \$728,000 held by WMATA for the City
 - Federal reprogramming in process
 - no match requirement

- Storm Water/Watershed Management
 - Day Lighting
 - Federal FY10 proposed budget: \$500,000
 - 45% match not funded/TBD in FY11 CIP
- Streetscape/Paving/Parking
 - VDOT Revenue Sharing: need required 50% match/TBD in FY11 CIP
 - Broad Street Streetscape: \$354,000; need to reprogram use and provide match
 - Broad Street Paving: \$300,000; need to reprogram use and provide match

Open Space

- Remaining fund balance- \$1.1M (debt funding)
 - On hold until Spring 2010 reassessment
- 215 S. Lee Street net sale cash proceeds
 - \$452k on hold
- FY2008/2009 acquisitions at 217 S. Lee Street and 411/421 E. Jefferson for park boundary, trail and water quality improvements: \$150,068
- Retained funding for Coe Branch/Sherrow Avenue park day lighting project; \$60,000

Debt Service

- To be reviewed in FY2011-15 CIP with:
 - Facility long range studies completion
 - Pedestrian and Traffic Calming Study completion
 - N. Washington Street study completion
 - Transportation and Comp Plan updated
 - City Center/Commercial parking/garage
- No FY2010 financial impact due to no debt service in FY11
- Reassess and prioritize all projects

Attachment:

- 1) CIP Project and Administration Hold Summary
- 2) Special Event Summary Chart

cc: Honorable Chairman and Members of the Falls Church School Board
Chairman and Members of the Falls Church Planning Commission

CITY OF FALLS CHURCH
FY2010
CIP ACCOUNTS REVIEW - As of October 15, 2009

AP ACCOUNTS REVIEW - As of October 15, 2009		Yellow=	local match for federal/state grants				
Project	Rev Budget	Actual/Encumb	Available	On Hold Feb 09	On Hold Oct 09	Remaining	Project Status/ Impact
Local Funding							
Courtroom Security	39,582.00	39,582.00	-			-	
Police Facility Study	100,000.00	100,000.00				-	
City Facilities Renvestment	405,000.00	205,820.34	199,179.66		49,179.66	150,000.00	Retains funding for health/safety facility repairs for 6 gen govt buildings
West Wing Renovation	175,000.00		175,000.00		175,000.00	-	Improved customer service and staff efficiency office configuration stops
City Hall Signage	20,000.00	10,550.07	9,449.93		9,449.93	-	Project complete
City Hall ADA Compliance	32,712.04	21,147.78	11,564.26		11,564.26	-	Requires access plans be implemented at CH Barn and Fire Station
City Hall Improvements	430,000.00	106,500.00	323,500.00	298,500.00	25,000.00	-	No funding for City Hall Improvement(Building & Court security) A&E or community input
	1,202,294.04	483,600.19	716,693.85	298,500.00	270,193.85	150,000.00	
Washington St Streetscape Des: Broad St	350,000.00	306,665.00	43,335.00	20,000.00	23,335.00	-	Contingency funding is not needed to complete the contracted project
	1,575,000.00	812,234.32	762,765.68	75,000.00	641,515.68	46,250.00	TEA 21 match for Streetscape
	1,825,000.00	1,118,899.32	806,100.68	95,000.00	664,850.68	46,250.00	
Kent Street Drainage	525,050.00	491,195.80	33,854.20			33,854.20	Funding for contingency storm water project underway
Stormwater system surveys	44,000.00	26,350.00	17,650.00		17,650.00	-	Completed
Storm Water Facility Improve	1,140,000.00	168,277.47	971,722.53	826,529.00	57,012.13	88,181.40	Project for Pearson Branch & Coe Branch (Hamlett)DCR grant close out
Stormwater System Cleaning	400,000.00	385,028.24	14,971.76	14,971.76		-	
	2,109,050.00	1,070,851.51	1,038,198.49	841,500.76	74,662.13	122,035.60	
Pearson Branch Streambank	150,000.00	53,050.00	96,950.00			96,950.00	FY09 STAG match, Pearson and Coe Branches stormwater project
Tripps Run Stream Bank	300,000.00	-	300,000.00	150,000.00	150,000.00	-	No funding to partner with Fairfax County for down stream run off problems
Daylighting of Pipe Streams	250,000.00	-	250,000.00			250,000.00	FY09 STAG match, Pearson and Coe Branches stormwater project
	700,000.00	53,050.00	648,950.00	150,000.00	150,000.00	346,950.00	
Facility Planning, Long-Term Systems Replacement/Renewal	650,000.00	431,181.00	218,819.00		168,819.00	50,000.00	FCCPS retains \$50k for additional items related to completing the facility planning
	918,000.00	381,161.97	536,848.03		351,848.03	185,000.00	FCCPS narrowed scope to health/safety
	1,568,000.00	812,332.97	755,667.03	-	520,667.03	235,000.00	
Athletic Fields - Rectangular	475,000.00	2,000.00	473,000.00		473,000.00	-	No field expansion option
Fredy Park Implementation	160,000.00	64,595.28	95,404.72		95,404.72	-	Master plan implementation halted after lights and gazebo, no landscaping, interpretive signs or lawn bowling green
Park Master Plan Implementation	360,000.00	117,910.98	242,089.02		178,089.02	64,000.00	Finish West End & Hamlett Parks site plan, Roberts Park equipment replaced, all other master plan implementation stops
Big Chimney & Triangle Park	50,000.00	-	50,000.00		50,000.00	-	No master plan design work
Hamlett/Rees Park Plan Impleme	175,000.00	86,495.00	88,505.00		88,505.00	-	Master plan implementation halted (complete to site plan only)
Cavlier Trail Skate Park	175,000.00	-	175,000.00	175,000.00		-	No project
	1,395,000.00	271,001.26	1,123,998.74	175,000.00	884,998.74	64,000.00	
Document Management	25,000.00	-	25,000.00		25,000.00	-	No project to digitize and organize contracts and other documents
Telephone System Replacement	162,000.00	162,000.00	-			-	Project complete
Radio Upgrade - PS/PW	545,480.00	414,708.00	130,772.00		70,772.00	60,000.00	Alternative 3 year plan public safety SCC channel, 2013 FCC conversion required
Integrated Lib System Upgrade	127,000.00	127,000.00	-			-	
	859,480.00	703,708.00	155,772.00	-	95,772.00	60,000.00	
SUBTOTAL	9,758,824.04	4,513,443.25	5,245,380.79	1,560,000.76	2,661,144.43	1,024,235.60	
				SUBTOTAL HOLD	4,221,145.18		
Grant Funding							
Broad St Paving - VDOT Funded	417,555.00	63,156.00	354,399.00			354,399.00	No match funding
Broad St Streetscape - Federal Fund	185,000.00	-	185,000.00			185,000.00	TEA-21, Match above
Pedestrian & Traffic Calming	200,000.00	-	200,000.00			200,000.00	RFP on the street, no match requirement
City Ctr Intermodal Transit Ct	1,668,000.00	-	1,668,000.00			\$1,668,000	
City Ctr Intermodal Transit Ct - Local	417,000.00	-	417,000.00			417,000.00	Match
Pedestrian & Bicycle Plan	200,000.00	-	200,000.00			200,000.00	RFP on the street, no match requirement
Daylighting - Grant Funded	250,000.00	-	250,000.00			250,000.00	Part of the Pearson and Coe Branch project analysis
Transportation Impr (VDOT Fund	4,053,840.00	-	4,053,840.00			4,053,840.00	
City Ctr Trans Improv-Match - Local	82,487.00	-	82,487.00			82,487.00	
Traffic Signal Management Syst	300,000.00	-	300,000.00			300,000.00	Contract in process
	7,773,882.00	63,156.00	7,710,726.00	-	-	7,710,726.00	
Debt Service							
Municipal Parking Garage	6,000,000.00	-	6,000,000.00			6,000,000.00	Not issued
Open Space Acquisition	1,698,546.65	65,259.80	1,633,286.85		452,287.43	1,180,999.42	
Hamlett Tract Land	1,086,596.09	1,033,495.60	53,100.49			53,100.49	
West End Park	10,180.00	10,180.00	-			-	
215 S Lee Street	658,122.26	642,829.83	15,292.43			15,292.43	
421 E Jefferson St	93,550.00	93,549.71	0.29			0.29	
411 E Jefferson St	-	48,576.69	(48,576.69)			(48,576.69)	
Coe Branch/Sharrow Ave	-	60,000.00	(60,000.00)			(60,000.00)	
Open Space ¹	3,544,995.00	1,953,891.63	1,593,103.37	-	452,287.43	1,140,815.94	Freeze future land acquisitions
AHU Acquisition & Devl	2,150,000.00	150,000.00	2,000,000.00			2,000,000.00	Debt not issued, purchase option cash funded loan thru mid December 2009
	11,696,995.00	2,103,891.63	9,593,103.37	-	452,287.43	9,140,815.94	
				TOTAL HOLD	4,673,432.62		

